

SIARAN AKHBAR PRESS STATEMENT

S.A. 2010/01/06 (HQ)

EMBARGO

NOT TO BE PUBLISHED BEFORE 5.00 PM, 20 JANUARY 2010

BETTER RESULTS FROM DEMAND GROWTH AND LOWER GENERATION COSTS

- **Net Profit of RM706.3 million**
- **2.7% Unit electricity demand growth in Peninsular Malaysia**
- **6.1% decline in Operating Expenses against a 1.0% decline in Group Revenue**
- **EBITDA margin at 29.5% compared to 22.2% for the corresponding period in FY2009**

Kuala Lumpur, 20 January 2010 –Tenaga Nasional Berhad (TNB) today announced a net profit of RM706.3 million, for the 1st Quarter of the Financial Year ending 31 August 2010 (FY2010). The strong performance was led by 6.1% decline in operating costs mainly attributed by lower generation costs.

1st Quarter of FY2010 saw an improvement in electricity demand growth by 2.7% in Peninsular Malaysia. However, Group revenue reported a decline by 1.0% principally from the impact of the tariff adjustment effective from 1 March 2009.

Commenting on the Group's electricity demand growth, TNB's Chairman, Tan Sri Leo Moggie commented that: "electricity demand growth in Peninsular Malaysia was reported at 2.7% for the period and 7.3% in Sabah. Further analysis on electricity demand in Peninsular Malaysia showed that all sectors namely industrial, commercial and domestic recorded positive growth of 0.3%, 3.8% and 6.7% respectively. This reflects stronger economic growth and activity spending resulting from the fiscal stimulus package and improving business outlook".

Commenting on the Group's operating level, TNB's President/Chief Executive Officer, Dato' Sri Che Khalib Mohamad Noh highlighted that: "the 11.3% decline in generation costs contributed to the increase of 39.3% in operating profit. Consequently, the Group's EBITDA margin improved to 29.5% from 22.2% reported for the corresponding period in FY2009".

With the reduction in gas allocation from 1350 mmscfd to 1250 mmscfd effective from March 2009, generation from coal-fired plants is expected to increase as future demand growth will be required to be met from coal generation. In minimising exposure from high market conditions, TNB is staggering the coal price negotiations of its contract prices.

Dato' Sri also commented that: "with the strengthening of the Ringgit against the US Dollar, we have also benefited from lower interest cost incurred as well as from coal procurements effected during the period".

Financial Year 2009 has been a very challenging year for the Group. The global economic crisis had caused the electricity demand to weaken and the Group was also faced with higher operational costs.

Prospects for FY2010 have been encouraging resulting mainly from the proactive measures carried out by the Government in overcoming the economic crisis.

The Group recorded improvement in demand especially for industrial and commercial sectors. However, the uncertainties on foreign exchange rate for Dollar and Yen, and fuel price fluctuation shall remain. Managing operational costs will continue to be a challenge for the Group with the improvement in economic conditions and higher demand for coal. Nonetheless, we will continue to enhance and strive to improve efficiency and productivity and quality supply of electricity to our customers.

Given the foregoing scenario, the Board of Directors expects the Group's performance for the year ending 31 August 2010 to be satisfactory.

Released in Kuala Lumpur on 20 January 2010

*Kindly forward all press enquiries to Hanim Idris di talian 019 -2617617 or
Shaiful Amrin Abdul Karim di talian 019-2887879*

Financial Highlights

RM' Million	3 months ended 30 November	
	<u>FY2010</u>	<u>FY2009</u>
Total Revenue	7,338.3	7,414.6
Operating Expenses	(6,179.9)	(6,580.2)
Other Operating Income	82.8	56.4
Operating Surplus (EBIT)	<u>1,241.2</u>	<u>890.8</u>
Finance Cost	(260.0)	(285.2)
Forex Translation (loss)/gain	(45.4)	(1,439.7)
Net Profit (before forex translation gain)	751.7	495.6
Net Profit/(Loss) Attributable to Shareholders	706.3	(944.1)
Basic (Loss)/Earnings per share	16.28 sen	(21.78) sen

About Tenaga Nasional Berhad

TNB's core activities are in the generation, transmission, and distribution of electricity. In addition to being the nation's primary electricity generation enterprise, TNB also transmits and distributes all the electricity in Peninsular Malaysia, Sabah and Federal Territory of Labuan. As at 31 August 2009, TNB supplies electricity to approximately 7.6 million customers.

TNB, through its subsidiaries, is also involved in the manufacturing of transformers, high voltage switchgears and cables; the provider of professional consultancy services, construction and operating and maintenance of district cooling facilities, generation equipment, repair and maintenance, fuel supply services; services related to renewable energy, energy efficiency and power quality; higher education and skill training and undertakes research and development.

As an integrated electricity provider, TNB has and will continue to meet its crucial role in powering the nation's progress.

For further information, please visit www.tnb.com.my